

**C.I.M. Acquisition
Status Report**

SCICON

INPUT



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C.I.M. Acquisition Status Report

SCICON

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AUTHOR

TITLE C.I.M. ACQUISITION STATE'S RETARD
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C.I.M. ACQUISITION STATUS REPORT

SCICON

July 1986



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OUTLINE OF PRESENTATION

- Objective
- Process
- Candidates
- Company Profile Summary
- Alternatives

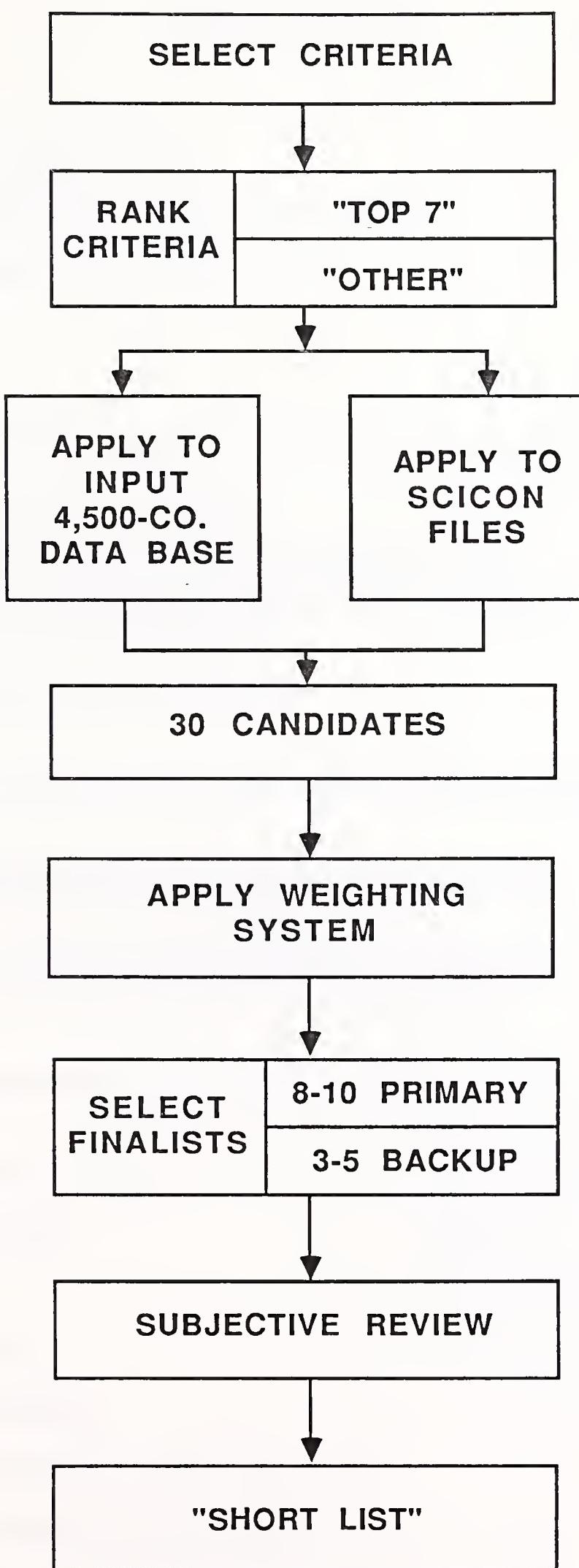
OBJECTIVE

- **SCICON Need:** **U.S. Distribution Capability
for PS, PL, CAPES,
SUPERCAPES software**
- **Goal: Acquisition**
- **Acquisition Focus:** **Company Selling Software
or Turnkey Systems for
Manufacturing Industries**

OUTLINE OF PRESENTATION

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PROCESS



CATEGORY A

- Existing Distribution/Sales Network
 - Sales, sales management, and marketing capability
 - Established network sufficient to cover U.S.
- Location
 - U.S. based
 - Close to major CIM markets (Detroit, Chicago, East Coast, California)
- Product/Service Mix (acceptable options)
 - Complementary to SIL software products strategy (i.e., can market and sell SISCO products; also not in direct competition to SISCO products current or planned)
 - Area control (Level II) software content Highest Priority
 - CIM communications LANS or gateways (must be complementary to TGC) Second Priority
 - Unit control (Level III) product that is complementary to area control (Level II), e.g., interface between II and III Third Priority
 - Generic software product or capability essential in CIM market (e.g., distributed relational DBMS, development tools, DSS, MIS, etc.) Fourth Priority
- End User Market Penetration (one or combination) Discrete Manufacturing End Product
 - Automotive/automotive supply
 - Electronics Assembly
 - Aerospace
 - Semiconductor
 - Appliance
 - Machine Tools
- Hardware Compatibility
 - IBM, DEC (one or both)
 - For IBM - VM Operating System; PC-DOS; Unix
 - For DEC - VMS or Unix Operating System

CATEGORY B

- Complementary to Scicon Culture
 - Synergistic with strategy in CIM
 - Linkages to other Scicon lines of business (e.g., communications, energy)
- Management Capability of Candidate
 - Strong administrative management capability for candidate with extensive distribution network
 - Strong technical management capability for candidate with product development activity
 - Strong bottom line motivation
 - Same management last 2-3 years
- Location
 - Close to current/planned facilities (California, Maryland, etc.)
- Other
 - Established education/training facilities in support of product sales

CATEGORY C

- Size

- Revenue range (\$2 million - \$100 million) -- high-end companies to identify "spin-off" divisions or product lines (optimum size \$25-50 million)
- Number of employees -- not a criteria in the initial first-level screen but used as a factor in subsequent analysis

- Financial Performance

- Growth range (10-15% per year)
- Profitable -- may include appropriate judgmental analysis
- Other financial factors will, of course, be included in subsequent analysis but will not be part of the initial screen (e.g., return on equity, debt to equity, etc.)

'TOP 7' ACQUISITION CRITERIA

| CRITERION | MOST DESIRABLE CHARACTERISTIC |
|----------------------------------|--|
| 1. Sales/Distribution Capability | National |
| 2. Sales Management | Strong |
| 3. Headquarters Location | Close to Major CIM Markets |
| 4. Product Line | Complementary |
| 5. Target Hardware | IBM and/or DEC |
| 6. Target Industries | Automobiles, Electrical/Electronics, Instrumentation, Appliances, Transportation |
| 7. Software Content of Product | Level II or III |

'OTHER' ACQUISITION CRITERIA

| CRITERION | MOST DESIRABLE CHARACTERISTIC |
|------------------------|--|
| 8. Corporate Culture | Complementary |
| 9. Management Emphasis | Operating |
| 10. Company Size | \$6 - \$40 Million |
| 11. Financials | Growth and Profit > 10% for Past 2 Years |
| 12. Company Ownership | Private |
| 13. Economies of Scale | Good |
| 14. Management Team | Together 2 - 3 Years |

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CANDIDATES

"A" CATEGORY

- ASK Computer Systems (Los Altos, CA)
- Automation Intelligence (Orlando, FL)
- Caelus Systems (Spokane, WA)
- Comserv Corporation (Eagan, MN)
- Data 3 Systems (Santa Rosa, CA)
- M.D.S.I. (Ann Arbor, MI)
- Management Science America (Atlanta, GA)
- Professional Computer Resources
(Oak Brook Terrace, IL)
- Xerox Computer Systems (Los Angeles, CA)

CANDIDATES

"B" CATEGORY

- Keane, Inc. (Boston, MA)
- NCA Corporation (Santa Clara, CA)
- ProfitKey International (Salem, NH)

OUTLINE OF PRESENTATION

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| "A" Company | 1985 Revenues (\$ Millions) | Return on Sales (Percent) | Number of Employees | Number of Sales Reps | Market Valuation, if Public Company (\$ Millions) |
|---------------------------------|-----------------------------|---------------------------|---------------------|------------------------|---|
| ASK | \$80 | 10.0% | 450 | 80 | \$145 |
| Automation Intelligence | \$10.5 | N/A | 110 | 15 | Private |
| Caelus | \$3 | N/A | 40 | 1 Direct 15 Dealers | Private |
| Comserv | \$29 | 4.2% | 300 | 35 | \$12 |
| Data 3 Systems | \$8.5 | N/A | 95 | 15 | Private |
| M.D.S.I. | \$55 | N/A | 400 | >50* | Division |
| M.S.A. | \$152 | 4.5% | 1,950 | >75 | \$250 |
| Professional Computer Resources | \$22 | N/A | 140 | 31 | Private |
| Xerox Computer Services | \$80 | N/A | 1,250 | >60* | Division |

*For Manufacturing Software Products.

N/A = Not Available.

| "A" Company | Computer Hardware | Location | Notes |
|---------------------------------|--|-----------------|--|
| ASK | <ul style="list-style-type: none"> ● HP 3000 ● VAX ● Micro VAX | Los Altos, CA | <ul style="list-style-type: none"> ● P/E = 20 ● Large Companies ● Good Management |
| Automation Intelligence | <ul style="list-style-type: none"> ● VAX ● PC/AT | Orlando, FL | <ul style="list-style-type: none"> ● Large Company Focus |
| Caelus | <ul style="list-style-type: none"> ● Wang ● (Adding DEC) ● (Adding IBM) | Spokane, WA | <ul style="list-style-type: none"> ● Available for Acquisition |
| Comserv | <ul style="list-style-type: none"> ● 30XX ● 43XX ● HP 3000 | Eagan, MN | <ul style="list-style-type: none"> ● P/E = 16 ● Large Company Focus |
| Data 3 Systems | <ul style="list-style-type: none"> ● S/34/6/8 | Santa Rosa, CA | <ul style="list-style-type: none"> ● Medium Company Focus |
| M.D.S.I. | <ul style="list-style-type: none"> ● VAX ● DG NOVA | Ann Arbor, MI | <ul style="list-style-type: none"> ● Parent: Schlumberger/ Applicon |
| M.S.A. | <ul style="list-style-type: none"> ● IBM Mainframe | Atlanta, GA | <ul style="list-style-type: none"> ● P/E = 40 |
| Professional Computer Resources | <ul style="list-style-type: none"> ● IBM S/38 | Chicago, IL | <ul style="list-style-type: none"> ● Profitable; Growing Company |
| Xerox Computer Services | <ul style="list-style-type: none"> ● IBM Hardware | Los Angeles, CA | <ul style="list-style-type: none"> ● Parent: Xerox Corporation |

| "A" COMPANY | LEVEL I | LEVEL II | LEVEL III |
|---------------------------------------|--------------------|---------------------|----------------------|
| ASK | X | X | |
| Automation Intelligence | X | | |
| Caelus | X | X | X |
| Comserv | X | | |
| Data 3 Systems | X | | |
| M.D.S.I. | | X | X |
| M.S.A. | X | | |
| Professional Computer Resources | X | | |
| Xerox Computer Services | X | X | |

| "B" COMPANY | 1985 REVENUES (\$ Millions) | RETURN ON SALES (Percent) | NUMBER OF EMPLOYEES | NUMBER OF SALES REPS | MARKET VALUATION, IF A PUBLIC CO. (\$ Millions) |
|----------------------------|-----------------------------------|------------------------------------|---------------------------|-------------------------------|---|
| Keane | \$39.7 | 1.9% | 608 | 40 | \$14 |
| NCA | \$20 | 0.9% | 250 | 20 | \$11 |
| ProfitKey International | \$5.6 | N/A | 92 | 17 | Private |

N/A = Not Available.

| "B" COMPANY | COMPUTER HARDWARE | LOCATION | NOTES |
|----------------------------|--|--------------------|--|
| Keane | <ul style="list-style-type: none"> ● VAX ● PDP ● ECLIPSE/MV | Boston, MA | <ul style="list-style-type: none"> ● P/E = 18 ● Large and Medium Plant Focus ● Sales Offices Mainly in Eastern U.S. |
| NCA | <ul style="list-style-type: none"> ● VAX ● PDP | Santa Clara, CA | <ul style="list-style-type: none"> ● Large and Medium Plant Focus ● Nine Sales Offices |
| ProfitKey International | <ul style="list-style-type: none"> ● Unix ● Xenix | Salem, NH | <ul style="list-style-type: none"> ● Medium Plant Focus ● Six Sales Offices |

| "B" COMPANY | LEVEL I |
|----------------------------|------------|
| Keane | X |
| NCA | X |
| ProfitKey International | X |

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TWO MAJOR ALTERNATIVES

- "Big Hit"

- Established Companies
- >50 Sales Representatives
- Strong Market "Presence"/Big Name
- "Integrated" Product Line
- Focus: Large Plants
- Relatively Expensive

- "Smaller Hit"

- Lesser Market "Presence"
- 15 - 50 Sales Representatives
- Integrated Product Line
- Target: Specific SICs
- Focus: Medium and Large Plants
- Business: 90 - 100% in Manufacturing Software
- Affordable

'SMALLER HITS'

| COMPANY | PRODUCT APPLICATIONS | ADVANTAGES | DISADVANTAGES |
|---------------------------------|--|--|--|
| Comserv | <ul style="list-style-type: none"> ● Accounting ● Integrated MRP II ● Shop Floor Control | <ul style="list-style-type: none"> ● 20% Owned by CDC; May Be for Sale ● IBM 30XX, 43XX; HP 3000 ● Industry Focus: Discrete, Pharmacy, Aerospace ● 100% Software | <ul style="list-style-type: none"> ● Not Profitable ● Although Company Claims Sales/Mktg. Orientation, Comments Support Product and Technology Orientation |
| Keane | <ul style="list-style-type: none"> ● Integrated Manufacturing System ● Accounting ● Shop Floor Control | <ul style="list-style-type: none"> ● 70% Professional Services ● Large & Medium Company Focus ● DEC VAX & DG Hardware | <ul style="list-style-type: none"> ● 20% of Business in Manufacturing Software ● Geographic Emphasis: Eastern U.S. |
| M.D.S.I. | <ul style="list-style-type: none"> ● CNC Programming ● Engineering Specifications Software ● Machine Interfaces | <ul style="list-style-type: none"> ● Strong Distribution Capability ● Expertise in Factory Floor/Machines | <ul style="list-style-type: none"> ● No Accounting or Integrated MRP II Software ● Does Not Support IBM Hardware |
| NCA | <ul style="list-style-type: none"> ● Integrated Accounting and MRP II | <ul style="list-style-type: none"> ● 8 Sales Offices ● 1Q/86 Operating Loss ● Industry Focus: Discrete | <ul style="list-style-type: none"> ● 30% Computer Service ● May Have Plateaued ● Management Limitations |
| Professional Computer Resources | <ul style="list-style-type: none"> ● Integrated MRP II ● Shop Floor Control | <ul style="list-style-type: none"> ● IBM Value-Added Distributor ● 70 Sales Offices ● Growing & Profitable for Past 2 Years ● Sales/Marketing-Oriented | <ul style="list-style-type: none"> ● No Fixed Assets Software ● No Payroll Software ● Sells S/W Only for S/38 ● 15% Turnkey |

COMPANY PROFILES

- Name
- City, State
- 1985 Revenues
- Employees
- Sales Representatives
- Target Hardware
- Target Industries
- Target Size of Customers
- Delivery Modes
- Percent of Total Business in Manufacturing Software
- Distribution Channels
- Products
 - Major Application Modules
 - Allen-Bradley Software Level(s)
- Cities with Direct Sales Offices
- Shares Outstanding
- Share Price
- Market Valuation
- 1985 EPS
- P/E Ratio
- Notes

ASK COMPUTER SYSTEMS

City, State: Los Altos, CA

1985 Revenues: \$79.2 Million

Employees: 450

Sales Reps: 80

Target Hardware:

- HP 3000, Spectrum
- DEC VAX, microVAX

Target Industries: Electronics; SICs 25-30 (discrete)

Target Firms: Large (\$30 - \$150 million plants); 1/3 are F1000 subsidiaries or divisions

Delivery Mode(s) and Percentages:

- 80% Turnkey
- 10% Processing Services
- 10% Software Products

Percent of Total Business in Manufacturing Software: 100%

Distribution Channels: 100% Direct Sales

Products:

1. Applications: Integrated MRP II, Accounting, some peripheral connections
2. Software Level(s): I, II

Sales Offices in: Los Altos, CA; Syosset, NY; Westport, CT; Burlington, MA; King of Prussia, PA; Fort Lauderdale, FL; Hinsdale, IL; Akron, OH; Bellevue, WA; Orange, CA; Phoenix, AZ; Richardson, TX; Houston, TX.

Shares Outstanding: 12.8 Million

Share Price (June 29, 1986): \$17.37

Market Valuation: \$145.5 Million

1985 EPS: \$0.65

P/E Ratio: 23

Notes:

- Cash (6/85): \$54 Million
- Long-term Debt (6/85): Nil; Short-term Debt (6/85); \$16.8 Million
- Lease Commitment through 1991: \$6.5 Million
- Capital Assets (6/85): \$8.5 Million

AUTOMATION INTELLIGENCE, INC.

City, State: Orlando, FL

Formed by: Executives from Westinghouse Automation Division

1985 Revenues: \$10.5 Million

1985 Profit/(Loss): (\$1.0 Million)

1986 Revenues (estimated): \$10.2 Million

Employees: 110

Sales Reps: 15 (Estimate)

Distribution Channels: 100% Direct Sales

Percent of Total Business in Manufacturing Software: 100%

Target Hardware:

- DEC VAX
- IBM PC/AT

Target Firms: Large Plants

Delivery Mode(s) and Percentages:

- 90% Software
- 10% Service Bureau

Licensing Agreements: Computervision, Auto-Trol, Graftek have licensed N/C software.

Products:

1. Applications: Data Acquisition, Cluster Controllers, LANs; Linkages

2. Level(s): I

Sales Offices in: Detroit; Dallas; Atlanta; Philadelphia; Pittsburgh; Boston; wholly-owned subsidiary in U.K.

Sales/Service Offices in: Los Angeles; Buffalo; Pensacola, FL; Chicago

Shares Outstanding: Private

Notes:

- 51% owned by senior management; 49% owned by venture capitalists Thomas H. Lee, Inc. (Boston) and Hambrecht & Quist, Inc. (San Francisco).
- Company needs additional funding of approximately \$1 million to continue product development.

CAELUS CORPORATION

City, State: Spokane, WA

1985 Revenues: \$3 Million

Employees: 40

Sales Reps:

- 1 Direct

- 15 Dealers

Sales Breakdown by Channel:

- 10% Direct
- 90% Dealers

Target Hardware: Wang (Conversion underway for DEC and IBM)

Target Firms: Medium to Large and Very Large Plants

Target Industries: Discrete Manufacturing and Pharmaceuticals

Percent of Total Business in Manufacturing Software: 100%

Delivery Mode(s) and Percentages: Software 100%

Products: 1. **Applications:** General Accounting, MRPII, Simultaneous Planning, Tracking

- 2. **Level(s):** I, II, III

Sales Offices in: Spokane, Chicago, Los Angeles, New Jersey, Atlanta, Dallas

Shares Outstanding: Private

Market Valuation: \$3 to 5 Million

COMSERV CORPORATION

City, State: Eagan, MN

1985 Revenues: \$28.5 Million

Employees: 300

Sales Reps: 35

Sales Breakdown by Channel: Direct Sales:

- Direct Sales: 90%
- CDC (Europe): 10%

Target Hardware:

- IBM 30XX, 43XX
- HP 3000, Spectrum

Target Firms:

- Large Plants
- Micro-based Product to Target Standalone Fortune 1000 Plants and Small Firms

Target Industries: Discrete, Pharmaceuticals, Aerospace

Percent of Total Business in Manufacturing Software: 100%

Delivery Mode(s) and Percentages: 100% Software

Products:

1. Applications: Accounting; MRP II; Shop Floor Control
2. Level(s): I

Sales Offices in:

Boston, MA; Chicago, IL; Dallas, TX; Los Angeles, CA; Minneapolis, MN;
Philadelphia, PA; San Jose, CA; Syracuse, NY; Winston-Salem, NC

Shares Outstanding: 3.234 Million

Share Price (June 30, 1986): Sell - \$3.13; Buy - \$3.63

Market Valuation: \$11.74 Million

Notes:

- Currently operating with shareholder deficit due to large losses in 1983 and 1984.
- CDC owns 20% through purchase of 815, 281 shares of convertible preferred stock and has warrants to purchase an additional 20% through 1,358,802 shares of convertible preferred stock.
- Cash (12/85): \$6.6 Million
- Capital Assets (12/85): \$20.0 Million
- Long-Term Debt (12/85): \$34.4 Million
- Stockholders Equity/(Deficit) (12/85): (\$13.3 Million)

DATA 3 SYSTEMS, INC.

City, State: Santa Rosa, CA

1985 Revenues: \$8.5 Million (est.)
\$6.2 Million in 1984

Employees: 95

Sales Reps: 15 Now; to Double in Next 12 Months

Sales Breakdown by Channel:

- 1984 - Was 100% through Reps
- 1986 - To Be 100% Direct

Target Hardware: IBM System/34/36/38

Target Firms: Large and Medium (Plants With \$10 - \$200 Million Revenues)

Target Industries:

- Now - Discrete (80%), Process (10%) and Repetitive Manufacturing (10%).
- 1988 Goal - 1/3 Discrete; 1/3 Process; 1/3 Repetitive

Percent of Total Business in Manufacturing Software: 100%

Delivery Mode(s) and Percentages:

- 78% Software
- 10% Turnkey
- 12% Education/Consulting/Software Maintenance

Products: 1. Applications: Accounting; MRP II; Shop Floor Control; BoM; Capacity Planning
2. Level(s): I

Sales Offices in: Culver City, CA; Mount Laurel, NJ; Chicago, IL.

European Sales: Through Reps

Shares Outstanding: Private

Notes:

- Has doubled sales and profits in each of past two years.
- To address robotics, CIM in future.

M.D.S.I.
(Division of Schlumberger/Applicon)

City, State: Ann Arbor, MI

1985 Revenues: \$55 Million (Est.)

1985 Employees: 520 (Est.)

1984 Revenues: \$47.5 Million (Actual)

1984 Employees: 451 (Actual)

Sales Reps: > 50

Sales Breakdown by Channel: 100% Direct

Percent of MDSI Business in Manufacturing Software: 100%

Target Hardware:

- DEC VAX
- DG Nova

Target Customers: Large, Medium, Small Plants

Target Industries: Manufacturing Job Shops and Process Shops

Delivery Mode(s) and Percentages:

- 20% Software
- 22% Turnkey
- 52% Processing Services
- 6% Intelligent Terminals Sales

Products: 1. Applications: Linkages/Interfaces; Engineering Changes; CNC Programming
2. Level(s): II, III

Regional Sales Offices in: Pennsylvania; Michigan; Dallas; Costa Mesa, CA

Local Sales Offices: 60-75 U.S. Cities

Shares Outstanding: Division of Applicon/Schlumberger

Notes:

- Acquired by Schlumberger on January 21, 1981.
- Merged with Applicon in 1985.

MANAGEMENT SCIENCE AMERICA

City, State: Atlanta, GA

1985 Revenues: \$151.6 Million

Employees: 1,944

Sales Reps: 75 +

Sales Breakdown by Channel: • 100% Direct Sales

Target Hardware: IBM Mainframes

Target Customers: Large Plants (Fortune 500)

Delivery Mode(s) and Percentages: • 100% Software

Percent of Total Business in Manufacturing Software: 15% (Est.)

Products: 1. **Applications:** Accounting; Integrated Manufacturing System; Forecasting; MRP II
2. **Level(s):** I

Regional Sales Offices: Atlanta, GA; Oak Brook, IL; Dallas, TX; Ft. Lee, NJ; Santa Monica, CA.

District Offices in: Burlington, MA; W. Seneca, NY; Worthington, OH; Houston, TX; Lakewood, CO; Southfield, MI; Kansas City, MO; St. Louis, MO; Brookfield, WI; Bloomington, MN; Hamden, CT; Fort Washington and Pittsburgh, PA; Mesa, AZ; Portland, OR; San Mateo, CA; Bellevue, WA; Alexandria, VA; Winston-Salem, NC.

Shares Outstanding: 17.8 Million

Share Price (June 30, 1986): \$14.00

Market Valuation: \$249.2 Million

P/E Ratio: 26

Notes: • **Cash and Investments (12/85):** \$94.0 Million
• **Office Space Noncancelable Leases through 2010:** \$109.3 Million
• **Current Liabilities (12/85):** \$48 Million
• **Long-term Debt (12/85):** \$4.5 Million (Deferred Taxes)

PROFESSIONAL COMPUTER RESOURCES, INC.

City, State: Oak Brook Terrace, IL

1985 Revenues: \$22 Million

Employees: 140

Sales Reps: 31

Sales Breakdown by Channel:

- 100% Direct in U.S.
- 20% - Reps, Agents in Europe

Target Hardware: IBM System/38

Target Customers: Medium and Large (15 - \$300 Million Plants)

Delivery Mode(s) and Percentages:

- 85% Software
- 15% Turnkey Systems

Percent of Total Business in Manufacturing Software: 100%

Products:

1. Applications: Accounting (No Fixed Assets; No Payroll)
Integrated MRP II; Shop Floor
2. Level(s): I

Sales Offices in: Oak Brook, IL; Atlanta, GA; Minneapolis, MN; Teaneck, NJ;
San Francisco, CA; Los Angeles, CA; Dallas, TX.

Shares Outstanding: Private

Notes:

- IBM Value-Added Distributor
- Sales Grew during Each of Past Two Years
- Profits Grew during Each of Past Two Years

XEROX COMPUTER SERVICES

City, State: Los Angeles, CA

1985 Revenues: XCS = \$80 Million

Employees: XCS = 1,250

Sales Reps: > 60

Sales Breakdown by Channel: ● 100% Direct Sales

Target Hardware: IBM Mainframe (43XX, 30XX)

Target Customers: Large Companies

Delivery Mode(s) and Percentages:

- 40% Software
- 60% Services

Percent of Total Business in Manufacturing Software/Service: 45%

Products: 1. Applications: Integrated MRP II System; Accounting Packages; Shop Floor, etc.
2. Level(s): I, II

Sales Offices in: Major U.S. Cities

Shares Outstanding:

- Division of Xerox Corporation
- XCS Now Profitable/Flat; Previously Unprofitable
- Service Bureau Customers Used as Lead-in to Selling Packaged Software
- Recent Months: Added New Major Accounts

KEANE, INC.

City, State: Boston, MA

1985 Revenues: \$39.7 Million

Employees: 608

Sales Reps: 40

Sales Breakdown by Channel: ● 100% Direct Sales

Target Hardware: ● DEC VAX, PDP
 ● Data General MV and Eclipse

Target Customers: Large and Medium Plants

Delivery Mode(s) and Percentages: ● 67% Professional Services
 ● 17% Software
 ● 16% Facilities Management

Percent of Total Business in Manufacturing Software: 20%

Products: 1. Applications: Integrated Manufacturing System; Accounting;
Shop Floor Control
2. Level(s): I

Sales Offices Focus (Eastern U.S.): Boston, Lexington, MA; Providence, RI;
Wayne, PA; Glastonbury and Westport, CT;
Merrillville, IN; Bedford, NH; Jericho, NY;
Portland, ME; Piscataway, NJ; Chicago, IL;
Towson, MD.

Shares Outstanding: 896,000

Share Price (June 30, 1986): \$15.75

Market Valuation: \$14.1 Million

P/E Ratio: 18

Financials (12/85): ● Cash: \$74,000
 ● Long-term Debt: Nil
 ● Short-term Debt: \$7.3 Million
 ● Current Assets: \$9.6 Million
 ● Lease Obligations through 1990s: \$560,000

NCA CORPORATION

City, State: Santa Clara, CA

1985 Revenues: \$20 Million (Estimate)

Employees: 250 (Estimate)

Sales Reps: 20

Sales Breakdown by Channel:

- 90% Direct
- 10% Agents (France, Australia)

Target Hardware: DEC VAX, PDP

Target Customers: Large and Medium Firms

Target Industry: Discrete Manufacturing

Delivery Mode(s) and Percentages:

- 68% Software
- 30% Computing Services
- 2% Professional Services

Percent of Total Business in Manufacturing Software: 70%

Products: 1. Applications: Integrated Accounting, MRP II
2. Level(s): I

Sales Offices in: Columbia, MD; Lexington, MA; Paramus, NJ; Schaumburg, IL; Irving, TX;
Tustin and Woodland Hills, CA; Seattle, WA; Portland, OR.

Shares Outstanding: 2.9 Million

Share Price (June 30, 1986): \$4.00

Market Valuation: \$11.6 Million

Notes:

- First Quarter, 1986 Showed a Loss
- May Have Plateaued
- Senior Management Limitations

PROFITKEY INTERNATIONAL

City, State: Salem, New Hampshire

1985 Revenues: \$5.6 Million

Employees: 92

Sales Reps: 17

Sales Breakdown by Channel:

- 98% Direct
- 2% Rep (Arizona)

Target Hardware: Unix/Xenix-based (Zilog Systems; NCR Tower; ATT 3B1, 3B2, 3B5, 3B10; IBM PC/XT/AT installed with System/36-based product at beta sites)

Target Customers:

- Medium Primarily
- Span: Large to Small Plants

Target Industries: Metalworking and Screw Machine Shops

Delivery Mode(s) and Percentages:

- 70 - 80% Turnkey Systems
- 20 - 30% Software

Percent of Total Business in Manufacturing Software: 100%

Products:

1. Applications: Custom Manufacturing System; Modules for Job Shop and "Traditional" Manufacturing
2. Level(s): I

Sales Offices in: Chicago, Cleveland, Atlanta, Dallas, San Francisco, Los Angeles

Shares Outstanding: Private

Notes:

- Willing to discuss acquisition.
- Operating at a loss.

SCIENTIFIC SYSTEMS SERVICES, INC. (SSS)

City, State: Melbourne, FL

1985 Revenues: \$22.5 Million

Employees: 300

Sales Reps: 20

Sales Breakdown by Channel: ● 100% Direct

Target Hardware: DEC VAX, MicroVAX; Modcomp; Gould S.E.L.; Hewlett-Packard; AYDIN

Target Customers: Large Plants

Target Industries: Steel; Public Utilities; Automobiles

Delivery Mode(s) and Percentages:

- Turnkey - 50%
- Software - 50%

Percent of Total Business in Manufacturing Software: 100%

Products: 1. Applications: Process Control; Data Acquisition; Product Tracking
2. Level(s): III

Sales Offices in: Melbourne, FL; Pittsburgh, PA; Chicago, IL; Detroit, MI;
Thousand Oaks, CA.

Shares Outstanding: 4.35 Million

Share Price (June 30, 1986): \$2.88

Market Valuation: \$12.53 Million

Notes:

- Loss in 1985 Was First in 5 Years.
- Backlog (As of 12/85): \$18 Million
- Long-Term Debt (12/85): \$4.9 Million
- Cash on Hand (12/85): \$915,000
- Property (12/85): \$6.0 Million
- Noncancellable Leases (12/85): \$1.2 Million
- Direction: Discrete Manufacturing; Shop Floor Applications in Real-time (DSS; Statistical Quality Control; Machine Diagnostics; Production Monitoring).

CIM - MODEL



- Overall manufacturing management function, including business accounting, MRP, and management or engineering information systems.
- Plant or area level on-line monitoring and control, including material handling, process and flow control, and plant management.
- On-line, real-time single process or unit control, involving a well-defined stage in manufacturing process.

Source: Allen-Bradley Company

